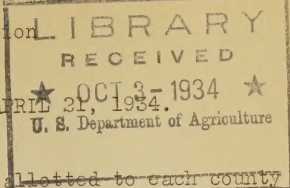


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Agricultural Adjustment Administration
Cotton Production Section



INFORMATION RELATIVE TO THE COTTON ACT OF APRIL 21, 1934

Under the Cotton Act, the Secretary of Agriculture allotted to each county its share of the State allotment after deducting the ten per cent State reserve for special use under Section 8 of the Act.

Each county allotment is apportioned to individual producers on a basis approved by the County Committee and the County Agent for each producer. The State Allotment Board will divide the county allotment among the individual applicants on the basis approved as above. The allotment basis as thus approved will be arrived at from figures submitted by the producer as to cotton production on the particular farm during the period specified in the Regulations. These figures, however are subject to adjustment by the County Committee before approval. An allotment for the purpose of issuing Tax-Exemption Certificates cannot be made to cotton farms for which applications are not submitted.

Tax-Exemption Certificates covering the allotments of tax-free cotton are issued to individual producers by the State Allotment Board and distributed through the County Assistant in Cotton Adjustment. Under the Cotton Act, allotments of Tax-Exemption Certificates for cotton produced are entirely separate and distinct from the allotments under the contract. All producers of cotton, regardless of whether or not they signed a cotton acreage reduction contract, will receive an allotment upon application.

Forms for making applications for Tax-Exemption Certificates are available through the office of the County Agent and County Assistant in Cotton Adjustment, or through Community Committeemen. Since no Tax-Exemption Certificates can be issued until all applications are in, a time limit has been set in each county for the receipt of applications. Applications should be filed through the County Agent's office immediately. The information called for on these forms is required by the Act as a basis for issuing the Tax-Exemption Certificates. Producers, regardless of whether or not they sign the cotton acreage contract, are entitled to an allotment of tax free cotton for which they may receive Tax-Exemption Certificates.

Managing share tenants, as defined in the contract, are entitled to fifty percent of the rental benefit payments under the contract they sign and also Tax-Exemption Certificates in proportion to their interest in the crop. Share-croppers or share tenants do not participate in the rental payments under the contract, but are entitled to a share of the parity payment and Tax-Exemption Certificates in proportion to their interest in the cotton. These certificates will be issued to individual producers unless the producer and landlord enter into a Trust Agreement authorizing the landlord or someone else to receive and handle their share of the certificates for them.

Producers having a surplus of Tax-Exemption Certificates may surrender them through the County Assistant in Cotton Adjustment to the National Tax-Exemption Certificate Pool. Certificates received by the Pool will be sold to producers who produced more cotton than they received Tax-Exemption Certificates to cover. All proceeds from the sale of these surplus certificates will be distributed to the producers on a pro rata basis after deducting the operating expenses of the pool and all unsold certificates will be returned. Producers wishing to purchase Tax-Exemption Certificates may do so through the County Assistant in Cotton Adjustment or from producers within the County who are authorized to sell, barter, or exchange surplus certificates by having same recorded in the office of the County Assistant at the time of making the transfer.

To clarify any misunderstanding, producers are permitted to sell all the cotton they produce on their farm, regardless of their allotment. However, all cotton ginned or sold over and above their allotment of tax-free cotton for which they do not possess Tax-Exemption Certificates, will be subject to a tax of 5.67 cents per pound. If a farmer produces cotton over and above his allotment and does not wish to sell or pay the tax at the time it is ginned, he may store the cotton on his farm or in an approved or bonded warehouse by placing a lien on the cotton for the amount of the tax.

